



News release

Insurance Council
of Australia

Friday, 28 October 2022

Insurance Council welcomes \$800 million NSW flood resilience package

The Insurance Council of Australia (ICA) today welcomed the joint announcement by the Federal and New South Wales Governments of an \$800 million Resilient Homes Program to make homes in the Northern Rivers more resilient to flood.

Today's announcement, in response to the February-March floods that impacted south-east Queensland and coastal New South Wales and in particular the Northern Rivers region, is further recognition by governments that significant sums are required to reduce the risks of extreme weather events to lives and property.

The joint announcement provides:

- \$700 million to undertake retrofitting (\$50,000 per home), house raising (\$100,000 per home) or, in locations where the flood annual exceedance probability is greater than 1 in 5, home buybacks.
- \$100 million for land acquisition to provide local options for those who choose to relocate through the buyback scheme.

Updated insurance data released today shows that the devastating floods caused \$5.56 billion in insured losses from more than 236,000 claims, with around half of the losses borne in New South Wales. The flood is now the equal costliest extreme weather event in Australia's history, alongside the 1999 Sydney hailstorm.

The Insurance Council has long campaigned for increased investment in and attention to this issue, and earlier this year released its report, *Building a More Resilient Australia* which called for state and Federal Governments to jointly invest \$400 million each year over five years to improve protections against extreme weather.

Today's announcement follows Tuesday's Budget, which formalised the Albanese Government's commitment to its half of this requirement, as well as establishing a forum for cooperation between the Government and the insurance sector to address extreme weather issues.

It also follows an announcement earlier this year of a similar \$741 million package jointly funded by the Queensland and Federal Governments.

Comment attributable to Andrew Hall, CEO Insurance Council of Australia:

Since 2019 insurers have received more than 577,000 claims related to declared flood events to the value of \$8.8 billion.

Today's announcement is a necessary and significant investment in better protecting communities at most risk of flood, and demonstrates that both the Federal and New South Wales Governments understand the scale and complexity of the policy solutions required to begin to address this worsening threat.

We understand that making a decision to sell a beloved home is very difficult one, but we strongly encourage all of those eligible for the buyback element of the Program to take up the offer and relocate somewhere safer and more sustainable.

It is positive to see that those who were covered for flood will not be excluded from the Program.

Perhaps even more important over the long-term than the funding announced today, we are extremely pleased that the Prime Minister has asked the Premier to lead a discussion with other state and territory leaders to reform planning in this country.

For insurers to continue to provide cover at an affordable price and for property and lives to be protected, not only is action required to strengthen the resilience of existing homes and communities, but we must shift our approach to what we build and where we build it.

We look forward to participating in this discussion in coming months.